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14 Attorneys for The Roman Catholic Archbishop of  
San Francisco

15 UNITED STATES BANKRUPTCY COURT

16 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION  
17

18 In re

19 THE ROMAN CATHOLIC ARCHBISHOP  
20 OF SAN FRANCISCO,

21 Debtor and  
22 Debtor in Possession.

Case No. 23-30564

Chapter 11

**DEBTOR'S STATUS REPORT  
REGARDING MOTION TO MODIFY  
FINAL ORDER (1) AUTHORIZING  
CONTINUED USE OF EXISTING CASH  
MANAGEMENT SYSTEM,  
OPERATIONAL BANK ACCOUNTS AND  
RELATED INVESTMENT ACCOUNTS;  
(2) AUTHORIZING MAINTENANCE OF  
EXISTING BUSINESS FORMS, (3)  
EXCUSING COMPLIANCE WITH  
SECTION 345(b); AND (4) AUTHORIZING  
CONTINUED USE OF CURRENT  
INVESTMENT POLICY; OR, IN THE  
ALTERNATIVE, AUTHORIZING U.S.  
BANK N.A. BANK CARD PROGRAM**

Date: January 11, 2024  
Time: 1:30 p.m.  
Via ZoomGov  
Judge: Hon. Dennis Montali

The Roman Catholic Archbishop of San Francisco, the debtor and debtor in possession (the “RCASF” or the “Debtor”), in the above-captioned chapter 11 case (the “Bankruptcy Case”), submits this status report regarding the *Debtor’s Motion to Modify Final Order (1) Authorizing Continued Use of Existing Cash Management System, Operational Bank Accounts and Related Investment Accounts; (2) Authorizing Maintenance of Existing Business Forms, (3) Excusing Compliance With Section 345(b); (4) Authorizing Continued Use of Current Investment Policy; or, in the Alternative, Authorizing U.S. Bank N.A. Bank Card Program* filed on December 21, 2023, as ECF No. 386 (the “Motion”).<sup>1</sup>

Counsel for the Debtor has met and conferred with the United States Trustee’s office and counsel for the Committee regarding the Motion. The Committee did not file an objection to the Motion and has indicated through Committee counsel that the Committee does not oppose the relief requested. The United States Trustee’s office did file an objection to the Motion (Dkt. No. 406). After further discussion and exchange of documents, the US Trustee has indicated that it does not oppose the relief requested in the Motion provided that the Debtor file copies of its monthly Bank Card account statement as an attachment to the Debtor’s Monthly Operating Reports.

The US Trustee has approved submission of a clean version of the attached revised form of order with redlines showing the modifications to the Final Order entered by the Court at Dkt. No. 266 as requested by the Motion. As noted the Committee does not object to the relief requested and its approval to the form of order is pending.

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<sup>1</sup> Capitalized terms not otherwise defined in this Motion shall have the same meanings given to them in the Motion.

1 The Debtor is not aware of any other response or opposition to the Motion, and any such  
2 opposition was due by January 4, 2024.

3  
4 Dated: January 9, 2024

FELDERSTEIN FITZGERALD WILLOUGHBY  
PASCUZZI & RIOS LLP

6  
7 By /s/ Jason E. Rios

8 PAUL J. PASCUZZI  
9 JASON E. RIOS  
10 THOMAS R. PHINNEY

11 Attorneys for The Roman Catholic  
12 Archbishop of San Francisco

13 Dated: January 9, 2024

14 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

15  
16 By /s/ Ori Katz

17 ORI KATZ  
18 ALAN H. MARTIN

19 Attorneys for The Roman Catholic  
20 Archbishop of San Francisco  
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14 San Francisco

15 UNITED STATES BANKRUPTCY COURT

16 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

17 In re

Case No. 23-30564

18 THE ROMAN CATHOLIC ARCHBISHOP  
OF SAN FRANCISCO,

Chapter 11

19 Debtor and  
20 Debtor in Possession.

**AMENDED FINAL ORDER (1) AUTHORIZING  
CONTINUED USE OF EXISTING CASH  
MANAGEMENT SYSTEM, OPERATIONAL  
BANK ACCOUNTS AND RELATED  
INVESTMENT ACCOUNTS;  
(2) AUTHORIZING MAINTENANCE OF  
EXISTING BUSINESS FORMS, (3) EXCUSING  
COMPLIANCE WITH SECTION 345(b); (4)  
AUTHORIZING CONTINUED USE OF  
CURRENT INVESTMENT POLICY; AND  
(5) SCHEDULING A FINAL HEARING**

25 Date: October 26, 2023  
26 Time: 1:30 p.m.  
Via ZoomGov

27 Judge: Hon. Dennis Montali  
28

1 Pursuant to a motion to modify the existing Cash Management Order previously entered by  
2 the Court as ECF No. 266 (the “Modification Motion” Dkt. No. 386) filed by the Debtor, and after  
3 hearing on the Modification Motion on January 11, 2023, this Order amends the Order previously  
4 entered as Docket No. 266 to include authorization for the Debtor open and maintain the Bank Card  
5 account program with U.S. Bank and execute any agreements related thereto.

6 The motion of The Roman Catholic Archbishop of San Francisco (“Debtor”), debtor in  
7 possession, the *Debtor’s Emergency Motion for Interim and Final Orders (1) Authorizing*  
8 *Continued Use of Existing Cash Management System, Operational Bank Accounts and Related*  
9 *Investment Accounts; (2) Authorizing Maintenance of Existing Business Forms, (3) Excusing*  
10 *Compliance With Section 345(b); (4) Authorizing Continued Use of Current Investment Policy; and*  
11 *Scheduling a Final Hearing*, filed on August 21, 2023, as ECF No. 9 (the “Motion”),<sup>1</sup> as  
12 supplemented from time to time, came on for final hearing on October 26, 2023 at 1:30 p.m., before  
13 the Honorable Dennis Montali of the United States Bankruptcy Court for the Northern District of  
14 California. Paul J. Pascuzzi, Esq., of Felderstein Fitzgerald Willoughby Pascuzzi & Rios LLP and  
15 Ori Katz of Sheppard, Mullin, Richter & Hampton LLP appeared on behalf of the Debtor. All other  
16 appearances were as noted on the record.

17 The Court having considered the Motion, the Supplement, the Passarello Background Decl.,  
18 the Gaspari Decl., the Passarello Decl., the Supplemental Passarello Decl., the Reply, the Second  
19 Supplemental Declaration, the Supplemental Reply, the Third Supplemental Declaration, all  
20 exhibits filed in support of the Motion, the Supplement, the Reply, the Supplemental Reply and their  
21 supporting declarations, the *United States Trustee’s Omnibus Objection to Debtor’s First Day*  
22 *Motions and Reservation of Rights [ECF Nos. 7 & 9]* filed on August 23, 2023, as ECF No. 25, and  
23 the *Objection of the United States Trustee to Final Approval of Debtor’s Motion for Continued Use*  
24 *of Existing Cash Management System* filed on September 7, 2023, as ECF No. 71 (collectively, the  
25 “UST Objections”), the lack of any other objection to the Motion, and the representations made by  
26 counsel at the hearing as reflected in the record of the hearing; and the Court having found that it

27 \_\_\_\_\_  
28 <sup>1</sup> Unless otherwise indicated, capitalized terms not otherwise defined in this Order shall have the  
same meanings ascribed to them in the Motion, Supplement, or the Reply as applicable.

1 has jurisdiction over this proceeding; that this is a core proceeding; that notice of the Motion has  
2 been given to the Office of the U.S. Trustee, the Cash Management Banks, the twenty largest  
3 unsecured creditors, all secured creditors, if any, and any applicable governmental entities; that no  
4 further notice is necessary; that the concerns and objections stated in the U.S. Trustee Objection as  
5 to this Motion either have been consensually resolved as set forth in the Interim Order and the  
6 Second Interim Order or overruled as set forth in this Final Order; that the relief sought in the Motion  
7 is in the best interests of the Debtor, its estate, and its creditors; and that good and sufficient cause  
8 exists for such relief.

9 It is hereby ORDERED as follows:

10 1. The *Order Overruling Objection of the United States Trustee Regarding Investment*  
11 *Accounts* entered on October 30, 2023 as ECF No. 257 is adopted and incorporated herein by this  
12 reference.

13 2. The Motion is GRANTED, on a final basis, as set forth herein.

14 3. Except as otherwise provided herein, the Debtor is authorized to: (a) designate,  
15 maintain, and continue to use any and all existing Bank Accounts as defined in the Motion with the  
16 same account numbers, provided, however, that such accounts shall be designated as debtor in  
17 possession accounts to the extent possible by the relevant banks; and (b) continue to use its existing  
18 Cash Management System, which includes use of the Investment Accounts and ~~certain credit~~  
19 ~~cards~~ updating its Cash Management System to incorporate the Bank Card program with U.S. Bank  
20 described in the Modification Motion. In connection with the ongoing use of the Cash Management  
21 System, the Debtor shall continue to maintain strict records with respect to all transfers of cash so  
22 that all transactions may be readily ascertained, traced, recorded properly, and distinguished  
23 between pre- and post-petition transactions, including transactions between the Debtor and any non-  
24 Debtor.

25 4. Each of the Debtor's existing depository and disbursement banks, as well as U.S.  
26 Bank National Association in its capacity as trustee of the Lay SERP ~~and~~, custodian of the  
27 Investment Pool Account, and provider of the Bank Card program described in the Modification  
28 Motion (collectively, the "Cash Management Banks"), is authorized to debit the Debtor's accounts

1 in the ordinary course of business without the need for further order of this Court for: (i) all checks  
2 drawn on the Debtor's accounts which are cashed at such Bank's counters or exchanged for cashier's  
3 checks by the payees thereof prior to the Petition Date; (ii) all checks or other items deposited in  
4 one of Debtor's accounts with such Bank prior to the Petition Date which have been dishonored or  
5 returned unpaid for any reason, together with any fees and costs in connection therewith, to the same  
6 extent the Debtor was responsible for such items prior to the Petition Date; ~~and (iii)~~ (iii) all amounts  
7 incurred pursuant to charges or amounts owed for Bank Card transactions, and (iv) all undisputed  
8 prepetition amounts outstanding as of the date hereof, if any, owed to any Bank for the maintenance  
9 of and services related to the Bank Accounts, together with all other fees and obligations relating to  
10 the Cash Management System.

11 5. Any of the Debtor's Cash Management Banks may rely on the representations of the  
12 Debtor with respect to whether any check or other payment order drawn or issued, or any direction  
13 provided pursuant to the applicable deposit, trust or custody agreement, as applicable, by the Debtor  
14 prior to the Petition Date should be honored pursuant to this or any other order of this Court without  
15 any duty of further inquiry and without liability for following the Debtor's instructions. The Cash  
16 Management Banks shall not be deemed in violation of this Order and shall have no liability for  
17 relying on such representations by the Debtor or honoring any check or other payment order that is  
18 subject to this Order either (a) at the direction of the Debtor to honor such prepetition check or other  
19 payment order, (b) in the good faith belief that this Court has authorized such prepetition check or  
20 other payment order to be honored, or (c) as a result of an innocent mistake. To the extent that the  
21 Debtor directs that any check or other payment order be dishonored or the Cash Management Banks  
22 inadvertently dishonor any check or other payment order, the Debtor may issue replacement checks  
23 or other payment orders consistent with the orders of this Court.

24 6. That (i) those certain existing deposit, trust, and custody agreements, as applicable,  
25 between the Debtor and its Cash Management Banks shall continue to govern the post-petition cash  
26 management relationship between the Debtor and the Cash Management Banks, and that all of the  
27 provisions of such agreements, including, without limitation, the termination and fee provisions,  
28 shall remain in full force and effect, ~~and~~ (ii) the Debtor and the Cash Management Banks may,

1 without further order of this Court, agree to and implement changes to the Cash Management System  
2 and procedures in the ordinary course of business, including, without limitation, the opening and  
3 closing of bank accounts, and (iii) the Debtor may enter into the account agreements with U.S. Bank  
4 for the Bank Card program and implement changes to the Bank Card program in the ordinary course  
5 of business.

6 7. Nothing contained herein shall prevent the Debtor from opening any additional bank  
7 accounts or closing any existing Bank Account(s) as it may deem necessary and appropriate, and  
8 the Cash Management Banks are authorized to honor the Debtor's request to open or close, as the  
9 case may be, such bank accounts or additional bank accounts, provided however, that any new  
10 account shall be with a bank that is insured with the Federal Deposit Insurance Corporation that is  
11 organized under the laws of the United States or any State thereof and that such account is either  
12 bonded or securitized as described in Bankruptcy Code section 345(b) should the account exceed  
13 the FDIC insurance limit, and listed on the U.S. Trustee's list of authorized depositories for the  
14 Northern District of California.

15 8. Any and all accounts opened by the Debtor on or after the Petition Date at any Bank  
16 shall similarly be subject to the rights and obligations of this Final Order.

17 9. The Debtor and the Cash Management Banks and Wells Fargo Bank (in connection  
18 with the continued use of credit cards) and U.S. Bank (in connection with the use of the new Bank  
19 Cards) are hereby authorized to continue to perform pursuant to the terms of any pre-petition  
20 agreements that may exist between them, except to the extent otherwise directed by the terms of this  
21 Final Order, and the automatic stay of section 362 of the Bankruptcy Code is hereby modified to the  
22 extent necessary to authorize such performance. The parties to such agreements shall continue to  
23 enjoy the rights and remedies afforded to them under such agreements, except to the extent modified  
24 by the terms of this Final Order or by operation of the provisions of the Bankruptcy Code other than  
25 section 362.

26 10. Except as provided in this Final Order, the Debtor is authorized to continue to use its  
27 existing business forms and stationery without alteration or change.



1           11.     The Debtor shall take the following actions, as requested by the U.S. Trustee and in  
2 an effort to resolve, in part, the U.S. Trustee Objections:

3               a.     Close its Segal Bryant investment account and provided proof of same to the  
4 U.S. Trustee following such closure;

5               b.     Close the FRB account (#9117) and provided proof of same to the U.S.  
6 Trustee following such closure; and

7               c.     Have each of Bank of America, City National Bank, Bridge Bank, FRB, and  
8 CB&T designate the Debtor's respective bank accounts at these institutions as "Debtor in  
9 Possession" accounts and provide proof of same to the U.S. Trustee following such  
10 designation.

11               d.     Attach the monthly Bank Card account statements for the Debtor to the  
12 Debtor's respective Monthly Operating Report.

13           12.     The Debtor has represented that it has taken the actions identified in Paragraph 11  
14 hereof. If these reported tasks have not been completed to the U.S. Trustee's satisfaction by  
15 November 15, 2023, the Debtor shall meet and confer with the U.S. Trustee as to the status and  
16 expected timing of completion and either the Debtor or the U.S. Trustee may raise any issues related  
17 to the closure or "Debtor in Possession" designation of the Debtor's bank accounts with the Court.

18           13.     The Debtor shall institute systems to regularly "sweep" funds as follows:

19               a.     Funds from the FRB brokerage account (#0589) into a debtor in possession  
20 account at an authorized depository for the Northern District of California, on a regular basis;

21               b.     Any funds in excess of \$250,000 from the Debtor's bank account at Bank of  
22 San Francisco into a debtor in possession account at an authorized depository for the  
23 Northern District of California, on a daily basis; and

24               c.     Funds from the BofA Securities Account (#9371) to the associated BofA  
25 Investment Account.

26           14.     Except as otherwise set forth in this Final Order, the Debtor is authorized to continue  
27 its current investment practices as described in the Motion and related pleadings, including but not  
28 limited to the use of the BofA Securities Investment Account, the Investment Pool Checking

1 Account, the Restricted Donations Account, and the Stock Transfer Account. In connection with  
2 the foregoing, the Debtor is authorized to maintain the BofA Securities Investment Account #9371  
3 that is tied to the BofA Securities Investment Account without converting or designating such  
4 account as a “Debtor in Possession” account.

5 15. Neither this Final Order, nor the Debtor’s payment of any amounts authorized by this  
6 Final Order, shall: (i) result in any assumption of any executory contract by the Debtor; (ii) result in  
7 a commitment to continue any plan, program, or policy of the Debtor; or (iii) impose any  
8 administrative, pre-petition, or post-petition liabilities upon the Debtor.

9 16. In granting the Motion, the Court is not making any findings or determinations as to  
10 what is or is not property of the estate. Nothing herein constitutes judicial approval or disapproval,  
11 or judicial determination, of what assets are or are not restricted or held in trust or property of the  
12 estate or what expenditures are reasonable or appropriate.

13 17. The Debtor is excused from redesignating the Additional Bank Accounts and  
14 Supplemental Additional Bank Accounts as debtor in possession accounts and complying with the  
15 requirements of section 345(b) as to the Additional Bank Accounts and Supplemental Additional  
16 Bank Accounts.

17 18. Notwithstanding the relief granted in this Final Order, all rights of the U.S. Trustee,  
18 any statutory committee(s) appointed in this Bankruptcy Case, or any other party in interest,  
19 including any right under section 345(b) of the Bankruptcy Code, to object or otherwise challenge  
20 the proposed treatment of the BofA Investment Account and the Investment Pool Account invested  
21 with fund managers in separate custodial accounts with U.S. Bank, are reserved.

22 19. To the extent the fourteen-day stay of Bankruptcy Rule 6004(h) may be construed to  
23 apply to the subject matter of this Final Order, such stay is hereby waived.

24 20. Nothing in this Final Order authorizes the Debtor to make any payments that benefit,  
25 directly or indirectly, any credibly accused perpetrator of abuse, whether for wages, support,  
26 housing, prepetition claims, retirement or otherwise.

27 21. The Debtors are authorized to take the actions necessary to effectuate the relief  
28 granted in this Final Order.

1           22.     The Court shall retain jurisdiction to hear and determine all matters arising from  
2 implementation of this Interim Order.

3 APPROVED AS TO FORM:

4 Dated: ~~October 31~~, December \_\_\_\_, TRACY HOPE DAVIS, UNITED STATES TRUSTEE FOR  
5 2023 REGION 17

6  
7 By ~~/s/ Jason Blumberg~~  
8 JASON BLUMBERG  
9 Trial Attorney for the United States Trustee

10 Dated: ~~October 31~~, December \_\_\_\_, PACHULSKI STANG ZIEHL & JONES LLP  
11 2023

12 By ~~/s/ John W. Lucas~~  
13 JAMES I. STANG  
14 DEBRA I. GRASSGREEN  
15 JOHN W. LUCAS  
16 Proposed Attorneys for the Official Committee of  
17 Unsecured Creditors

18 \*\*\* END OF ORDER \*\*\*  
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